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Agenda item 14 (a)
**Social and human rights questions:
advancement of women**

Revitalization and strengthening of the International Research and Training Institute for the Advancement of Women

Note of the Secretary-General

Summary

The present note is submitted pursuant to the General Assembly resolution 57/175 of 18 December 2002 and rule 30 of the Rules of Procedure of the Economic and Social Council. It contains the comments of the Secretariat on the new recommendations as set out in the letter dated 20 June 2003 from the Permanent Representative of Spain to the United Nations addressed to the President of the Economic and Social Council (E/2003/93).

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1. The present note is submitted pursuant to General Assembly resolution 57/175 of 18 December 2002 and rule 30 of the Rules of Procedure of the Economic and Social Council. In its resolution 57/175, the Assembly endorsed the recommendations made by the Working Group on the Future Operation of the International Research and Training Institute for the Advancement of Women (INSTRAW)[1] and requested the Secretary-General to implement the measures recommended by the Working Group. It also extended the mandate of the Working Group to follow-up the implementation of those measures, in close consultation with the Secretary-General.

2. In its decision 47/101 on the report of the Working Group on the Future Operation of INSTRAW,[2] the Commission on the Status of Women recommended to the Economic and Social Council that it consider the report of the Working Group[1] under the appropriate item at its substantive session of 2003.

3. In a letter dated 20 June 2003 addressed to the President of the Economic and Social Council,[3] the Permanent Representative of Spain to the United Nations, in his capacity of Chairperson of the Working Group, submitted additional recommendations of the Working Group on the Future Operation of INSTRAW to the Council, in particular recommendations outlining proposed changes to the statute of INSTRAW.

4. The recommendations of the Working Group, as contained in its report to the General Assembly,[4] are set out below:

(a) In paragraph 52, to abolish the autonomous status of the Institute, which was at that point in time a major disadvantage for INSTRAW;

(b) In paragraph 53, to abolish the Board of Trustees of the Institute, which was closely linked to the autonomous status of INSTRAW;

(c) In paragraph 57, to establish the linkage of INSTRAW to the Department of Economic and Social Affairs of the Secretariat, under the direct authority of the Under-Secretary-General;

(d) In paragraph 57 (b), to allocate an amount of US$ 500,000 from the regular budget of the United Nations to finance the core activities of the Institute;

(e) In paragraph 57 (c), to maintain the Institute's location in the Dominican Republic;

(f) In paragraph 57 (d), to examine the feasibility of establishing an advisory board comprised of Member States to replace the Board of Trustees;

(g) In paragraph 57 (e), to create the post of Deputy Director with specific fund-raising responsibilities;

(h) In paragraph 57 (f), to establish a liaison for INSTRAW within the Department of Economic and Social Affairs;

(i) In paragraph 57 (g), for the Secretary-General to appoint a Director to be based at INSTRAW headquarters in the Dominican Republic;

(j) In paragraph 57 (h), for INSTRAW to work closely and in a coordinated manner with other United Nations bodies working in the field of gender equality and the advancement of women, in particular the Division for the Advancement of Women of the Department of Economic and Social Affairs, the United Nations Development Fund for Woman (UNIFEM), the Committee on the Elimination of Discrimination against Women and the Commission on the Status of Women, among others.

5. In paragraph 57 (b) of the report of the Working Group (see recommendation (d) above), the Working Group called for the allocation of $500,000 from the regular United Nations budget. The General Assembly has endorsed that recommendation in its decisions 57/580 of 20 December 2002 and its resolution 57/311 of 18 June 2003 and has subsequently authorized the allocation of that amount to the INSTRAW Trust Fund.

6. The Secretariat wishes to note that some of the amendments contained in the above-mentioned letter[3] do not adequately reflect the full scope of the effect that the General Assembly's endorsement of the recommendations of the Working Group has on the statute of INSTRAW. In particular, the Secretariat notes that the new recommendations do not address the abolition of the autonomous status of the Institute nor the establishment of the institutional linkage of INSTRAW to the Department of Economic and Social Affairs under the direct authority of the Under-Secretary-General for Economic and Social Affairs. In addition, the proposed amendments do not address the requirement that INSTRAW work closely and in close coordination with the other United Nations bodies working in the field of gender equality and the advancement of women.

7. More specifically, the Secretariat's comments are as follows:

(a) The amendment proposed to article III (Board of Trustees), in section III (b) of the letter,[3] third paragraph, refers to an Executive Board. It should refer instead to an Advisory Board, as endorsed by the General Assembly in its resolution 57/175; accordingly other functions of the Board are advisory by nature and are reflected as such in the annex to the present note;

(b) The amendment proposed to article III, in section III (b), third paragraph, refers to members of the Executive Board in their national capacities. The General Assembly, in its resolution 57/175, endorsed the Working Group's recommendation that the Advisory Board be composed of Member States. As such, the Economic and Social Council would elect Member States not individual representatives of Member States;

(c) The amendment proposed to article IV (Director and the staff), in section III (c), second paragraph, provides that the Director shall be appointed by the Secretary-General from a pool of three candidates proposed by the Executive Board. The latter provision interferes with the Secretary-General's prerogative as Chief Administrative Officer of the Organization;

(d) The same reasoning applies to the amendments proposed in respect of article IV, sixth paragraph, dealing with the authority vested in the Secretary-General to retain, confirm or replace the Director of the Institute.

8. With regard to the appointment of a Director, an understanding can be reached when the Secretary-General would present the Board with a list of candidates, from which the Board would select up to three, one of whom shall be appointed by the Secretary-General.

9. Accordingly, a revised statute of the Institute, setting out, in bold, all the necessary amendments, is enclosed as an annex to the present note.

Notes

[1] A/57/330 and Add.1.

[2] See *Official Records of the Economic and Social Council, 2003, Supplement No. 7* (E/2003/27), chap. I. C.

[3] E/2003/93.

[4] A/57/330, paras. 52, 53 and 57.

Annex

Article I

STATUS AND PURPOSES

The United Nations International Research and Training Institute for the Advancement of Women was established by the Economic and Social Council (Council resolution 1998 (LX) of 12 May 1976 in conformity with an earlier decision of the General Assembly (resolution 3520 (XXX) of 1 December 1975), which was based on a recommendation made by the World Conference of the International Women's Year, held at Mexico City from 19 June to 2 July 1975. **The statute was amended by the Economic and Social Council in its resolution ... of ...** The Institute ~~is an autonomous institution~~ **falls** within the framework of the United Nations established in accordance with the Charter of the United Nations **and is institutionally linked to the Department of Economic and Social Affairs under the direct authority of the Under-Secretary-General for Economic and Social Affairs. It serves** ~~to serve~~ as a vehicle on the international level for the purpose of undertaking research and establishing training programmes to contribute to the integration and mobilization of women in development, to raise awareness of women's issues worldwide and better to assist women to meet new challenges and directions. The Institute, as part of the United Nations, enjoys the status, privileges and immunities provided in Articles 104 and 105 of the Charter of the United Nations and other relevant international agreements and United Nations resolutions relating to the status, privileges and immunities of the Organization.

Article II

OBJECTIVES AND FUNCTIONS

1. The objectives of the Institute are to stimulate and assist, through research, training and the collection and dissemination of information, the advancement of women and their integration in the developmental process both as participants and as beneficiaries. **Working closely and in a coordinated manner with other United Nations bodies working in the field of gender equality and advancement of women, the** Institute is to assist the efforts of intergovernmental, governmental and non-governmental organizations in this regard. Accordingly, the principal functions of the Institute shall be:

(a) To conduct research and studies which would enhance the effective integration and mobilization of women in development; the research and studies programmes of the Institute, including, in particular, action-oriented ones, shall give particular attention to the problems facing women in developing countries and to the integration of women in the formulation, design and implementation of development activities at all levels;

(b) To establish training programmes, including a fellowship programme and advisory services, through which the Institute shall endeavour to raise awareness on issues concerning women and development and shall strive to achieve equal participation of women in all aspects of economic and social development and to increase the opportunities for women to acquire new skills in order to meet the challenges of rapid change in today's society;

(c) To establish and maintain a system of information, documentation and communication so as to enable the Institute to respond to the need for disseminating information worldwide on women's issues.

2. In view of its catalytic role, the Institute shall make every effort to develop and utilize networking, as appropriate, in carrying out its functions. This should be done at the international, regional and national levels.

3. In the pursuit of its objectives the Institute shall carry out its activities in close collaboration and coordination with institutes and other bodies within and outside the United Nations system, **including, in particular the Division for the Advancement of Women of the Department of Economic and Social Affairs, the United Nations Development Fund for Women, the Committee on the Elimination of Discrimination against Women and the Commission on the Status of Women**.

Article III

~~BOARD OF TRUSTEES~~
ADVISORY BOARD

1. The Institute and its work shall be governed **by an Advisory Board** ~~a Board of Trustees~~ (hereinafter referred to as "the Board") .

2. The Board shall be composed as follows:

(a) Eleven **Member States, two from each of the five regional groups of the United Nations and the host country, elected by the Economic and Social Council for a term of three years**. ~~members nominated by States and appointed by the Economic and Social Council with due regard to the fact that the Institute and its work are funded from voluntary contributions and to the principle of equitable geographical distribution. The members of the Board shall serve in their individual capacities for a term of three years from the date of their appointment.~~ They shall be eligible for reappointment by the Economic and Social Council for one further term. If a casual vacancy occurs in the membership of the Board, the Economic and Social Council shall appoint a new member **State from the same regional group** to serve for the unexpired portion of the term of office of the former member concerned; ~~In nominating candidates for appointment as members of the Board, States should bear in mind the desirability of selecting persons with appropriate qualifications and expertise;~~

(b) ~~A representative of the Secretary-General;~~ **The Under-Secretary-General for Economic and Social Affairs,** the Director of the Institute and a representative of each of the regional commissions of the Economic and Social Council ~~and a representative of the host country,~~ who shall serve as ex officio members of the Board.

3. The Board shall:

(a) Formulate principles, policies and guidelines for the activities of the Institute;

(b) Consider and approve the work programme and the budget proposals of the Institute on the basis of recommendations submitted to it by the Director of the Institute;

(c) Make recommendations **and proposals** ~~necessary or desirable~~ for the operations of the Institute;

(d) Report periodically to the Economic and Social Council and where appropriate to the General Assembly.

4. The Board shall meet **in an annual session at such time and duration as it determines at United Nations Headquarters** ~~at least once a year~~. **The Board may hold special sessions, in addition to regular sessions, with the agreement of the Economic and Social Council and in consultation with the Secretary-General.** It shall elect its own officers, including its President, in accordance with the adopted rules of procedure. It shall take its decisions in the manner provided in its rules of procedure.

5. The Board shall consider methods for enhancing the financial resources of the Institute with a view to ensuring the effectiveness **and continuity** of its future operations, ~~their continuity and the Institute's autonomous character~~ within the framework of the United Nations.

6. Members of the Board in furtherance of the principles and policies of the Institute may be invited to help in achieving the goals of the Institute by attending meetings on behalf of the Institute, raising funds for the Institute's operations and helping to establish national support teams, if possible, in their respective countries for the attainment of the objectives of the Institute.

7. Organizations of the United Nations system and other institutions may be represented as appropriate at meetings of the Board in respect of activities of interest to them under the conditions outlined in the rules of procedure of the Board.

Article IV

THE DIRECTOR AND THE STAFF

1. The Director shall be appointed by the Secretary-General of the United Nations, after consultation with the Board.

2. The Director, **under the direct authority of the Under-Secretary-General for Economic and Social Affairs,** shall have overall responsibility for the organization, direction and administration of the Institute in accordance with general directives by the Board and within the terms of the authority delegated to the Director by the Secretary-General. The Director shall, inter alia:

(a) Submit the work programmes and the budget estimates of the Institute to the Board for its consideration and adoption;

(b) Oversee the execution of the work programmes and make the expenditures envisaged in the budget of the Institute as adopted by the Board;

(c) Submit to the Board annual and ad hoc reports on the activities of the Institute and the execution of its work programmes;

(d) Submit to the Economic and Social Council or to the General Assembly as appropriate reports approved by the Board;

(e) Appoint and direct the staff, **including the Deputy Director,** of the Institute on behalf of the Secretary-General;

(f) Coordinate the work of the Institute with that of other organs and bodies of the United Nations, the specialized agencies and international, regional and national institutions in similar fields;

(g) Negotiate arrangements with Governments and intergovernmental organizations as well as non-governmental organizations, academic and philanthropic institutions with a view to offering and receiving services related to the activities of the Institute;

(h) Actively **undertake or delegate to the Deputy Director** ~~seek~~ appropriate ~~funding~~ **fund-raising activities** for the implementation of the work programme of the Institute;

(i) Accept, subject to the provisions of article VI, paragraph 2, below, voluntary contributions to the Institute;

(j) Make the necessary arrangements for securing established and continuous contact with and support from **the Department of Economic and Social Affairs** ~~United Nations Headquarters~~;

(k) Undertake other assignments or activities as may be determined by the Board or requested by the **Under-Secretary-General for Economic and Social Affairs** ~~Secretary-General~~, provided that any such requests are consistent with the programme budget approved by the Board.

3. The staff of the Institute shall be appointed by the Director on behalf of the Secretary-General and in accordance with modalities established by the Secretary-General, within the staffing table approved by the Board. Such appointment shall be limited to service with the Institute. The staff shall be responsible to the Director in the exercise of their functions.

4. The staff of the Institute shall be recruited on as wide a geographical basis as possible, full consideration being given to the particular requirements of and qualifications for each post needed by the Institute.

5. The terms and conditions of service of the Director and the staff shall be those provided in the Staff Regulations and Rules of the United Nations, subject to such arrangements for special rules or terms of appointment as may be approved by the Secretary-General. The salaries, allowances and other expenses of the Director and the staff shall be borne by the Trust Fund for the International Research and Training Institute for the Advancement of Women.

6. The Director and the staff of the Institute shall not seek or receive instructions from any Government or from any authority external to the United Nations. They shall refrain from any action which might reflect on their position as international officials responsible only to the Organization.

7. The Director and the staff of the Institute are officials of the United Nations and are therefore covered by Article 105 of the Charter of the United Nations and by other international agreements and United Nations resolutions defining the status of officials of the Organization.

Article V

FELLOWS, CONSULTANTS, CORRESPONDENTS AND FOCAL POINTS

1. The Board may designate as honorary fellows individuals who could contribute substantively to the Institute's objectives.

2. The Director may designate a limited number of especially qualified persons to serve as senior fellows of the Institute, for a period not longer than one year, in accordance with criteria established by the Board and procedures formulated by the Secretary-General. Such persons, who may be invited to participate as lecturers or research scholars, shall be selected on the basis of outstanding contributions they have made in fields germane to the work of the Institute.

3. The Director may also designate junior fellows as part of the Institute's ongoing fellowship programme. All fellowships will be granted within the financial provisions of the Institute's programme budget.

4. The Director may also arrange for the services of consultants for the purpose of contributing to the analysis and planning of the activities of the Institute or for special assignments in connection with the Institute's programmes. Such consultants shall be engaged in accordance with policies established by the Secretary-General.

5. Correspondents and focal points in countries or regions may be used by the Institute to assist in maintaining contact with national or regional institutions and in carrying out or advising on studies and research.

6. Honorary, senior or junior fellows, consultants and correspondents shall not be considered to be members of the staff of the Institute.

Article VI

FINANCE

1. The activities of the Institute shall be funded by voluntary contributions from States, intergovernmental and non-governmental organizations, foundations, including the United Nations Foundation, private sources and other sources in accordance with article VII of the Statute.

2. Contributions to the Institute may be accepted provided that they are consistent with the purposes and policies of the Institute. Voluntary contributions that are unrestricted or that are designated for the implementation of an activity approved by the Board may be accepted by the Director after obtaining the concurrence of the Controller of the United Nations. Other voluntary contributions may be accepted only with the approval of the Board, which shall take into account the comments of the Secretary-General **and/or the Under-Secretary-General for Economic**

and Social Affairs. Contributions which may directly or indirectly involve an immediate or ultimate financial liability for the United Nations may be accepted only with the approval of the General Assembly.

3. The funds of the Institute derived from voluntary contributions shall be kept in the Trust Fund for the International Research and Training Institute for the Advancement of Women established by the Secretary-General in accordance with the Financial Regulations and Rules of the United Nations.

4. The funds in the Trust Fund of the Institute shall be held and administered solely for the purposes of the Institute. The Controller of the United Nations shall perform all necessary financial and accounting functions for the Institute, including the custody of its funds, and shall prepare and certify the annual accounts of the Institute.

5. The Financial Regulations and Rules of the United Nations and the financial policies and procedures established by the Secretary-General shall apply to the financial operations of the Institute. Funds of the Institute shall be subject to audit by the United Nations Board of Auditors.

6. The Institute may, in accordance with the Financial Regulations and Rules of the United Nations, enter into contracts with organizations, institutions or firms for the purpose of carrying out its operations. The Institute may acquire or dispose of real and movable property in accordance with the same Regulations and Rules.

Article VII

ADMINISTRATIVE AND OTHER SUPPORT

The Secretary-General of the United Nations shall provide the Institute with appropriate administrative and other support, including financial and personnel services, in accordance with the Financial Regulations and Rules of the United Nations and on conditions determined after consultations between the Secretary-General and the Director of the Institute, it being understood that no extra costs to the regular budget of the United Nations are incurred.

Article VIII

COOPERATION WITH OTHER ORGANIZATIONS AND INSTITUTIONS

1. The Institute shall develop arrangements for active and close cooperation with the specialized and related agencies of the United Nations as well as with other organs, programmes and institutions within the United Nations system, **including, in particular the Division for the Advancement of Women of the Department of Economic and Social Affairs, the United Nations Development Fund for Women, the Committee on the Elimination of Discrimination against Women and the Commission on the Status of Women.**

2. The Institute shall endeavour to develop arrangements for cooperation with other organizations or institutions involved in training and research activities which are relevant to the work of the Institute and which may be of assistance to the Institute in the performance of its functions.

Article IX

LOCATION

The Headquarters of the Institute shall be located in the Dominican Republic at Santo Domingo. The Institute may with the approval of the Board and after consultations with the Secretary-General of the United Nations establish other offices elsewhere.

Article X

AMENDMENTS

1. Amendments to this statute may be made by the Economic and Social Council.

2. The Board may review the provisions of this statute and propose to the Economic and Social Council such amendments as it may consider necessary.

3. The Secretary-General may submit to the Board or, if necessary, to the Economic and Social Council, after consultation with the President of the Board, proposals for the revision of the present statute.

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Agenda item 7 (c)
Coordination, programme and other questions: calendar of conferences and meetings in the economic, social and related fields

Letter dated 26 June 2003 from the Chairman of the Committee on Conferences addressed to the President of the Economic and Social Council

In response to the invitation of the Economic and Social Council set forth in its decision 1988/103 of 5 February 1988, the Committee on Conferences met on 26 June 2003 to review the provisional calendar of conferences and meetings for 2004 and 2005 in the economic, social and related fields.[1] The Committee welcomed the opportunity to review the provisional calendar of conferences and meetings and to provide, as appropriate, its recommendations thereon to the Council.

In introducing the provisional calendar, the Secretary of the Committee on Conferences drew the attention to some important guidelines, also referred to in the preamble of the document, set out by the General Assembly and the Economic and Social Council in their resolutions and decisions on the calendar of conferences and meetings. Those guidelines included the Council's decision to biennialize the sessions of its subsidiary bodies, although the trend seems to be in the other direction. Concern was raised regarding exceptions to biennialization. It was noted that a number of subsidiary bodies have yet to comply with the Council's decision on this matter, and that, in fact, one more body was this year requesting annualization. Consequently, further consideration of this issue is warranted.

It was noted that, once the calendar is adopted, no additional meetings representing departures from the biennial cycle would be authorized.

[1] E/2003/L.7.

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In the preparation of the calendar, careful consideration was given to avoiding scheduling meetings on Orthodox Good Friday, in accordance with General Assembly resolution 53/208 A of 18 December 1998.

The Committee on Conferences also noted that subsidiary bodies should end their sessions at last eight weeks before the session of the Economic and Social Council to which they report and pointed out that every effort had been made in the preparation of the draft calendar to follow this guideline as much as possible. It was also reiterated that every effort was made to avoid any overlap of meetings related to the same sector of activity.

The Committee on Conferences further encouraged the Economic and Social Council to review the calendar as a whole in the context of its review of the mandates, composition, functions and working methods of its functional commissions and expert groups.

The Committee on Conferences recommends the adoption of the provisional calendar of conferences and meetings of subsidiary bodies of the Economic and Social Council for 2004-2005,[1] and recommends that the Council bear in mind the above observations/suggestions.

In closing, I would like to express the appreciation of the Committee on Conferences for the invitation of the Economic and Social Council to review its draft calendar of conferences and meetings and of the continued close cooperation between the Council and the Committee.

(*Signed*): Mahammad **Tal**
Chairman,
Committee on Conferences

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Sustainable development

Letter dated 16 July 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Cape Verde to the United Nations addressed to the President of the Economic and Social Council

I have the honour to attach a memorandum of the Government of Cape Verde on the issue of graduation from the list of least developed countries, which I respectfully request to be circulated among the members of the Economic and Social Council (see annex).

(*Signed*): António Pedro **Alves Lopes**
Chargé d'affaires a.i.

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Annex to the letter dated 16 July 2003 from the Chargé d'affaires a.i. of the Permanent Mission of Cape Verde to the United Nations addressed to the President of the Economic and Social Council

Memorandum by the Government of Cape Verde on the issue of graduation from the list of least developed countries

Introduction

1. During its substantive session of 2003, the Economic and Social Council will be discussing the report of the Committee for Development Policy on its fifth session (7-11 April 2003). In that report, the Committee states that from a technical point of view Cape Verde qualifies for graduation from the list of least developed countries (LDCs), since, according to the 2003 review, it met again two of the three graduation criteria: the income per capita and human capital indices. In contrast, however, it recognizes that Cape Verde's Economic Vulnerability Index (EVI) score is the seventh highest of all the least developed countries, even higher than that of some countries in conflict and post-conflict situations.

2. In its 2000 review, the Committee stated that although Cape Verde had met two graduation criteria (the same as in the 2003 review), its high economic vulnerability and high dependence on foreign aid and workers' remittances had led it to recommend that graduation be postponed for reconsideration at the 2003 review. In 2003, however, the Committee simply stated that graduation criteria had been met but stopped short of a recommendation, leaving the decision to the Council. The cautious position taken by the Committee is justified by the fact that there has been no major improvement in Cape Verde's general economic and social situation. Thus, the Committee implicitly recognizes the high risk that the loss of LDC status entails for a country, which, in light of its EVI score, is considered to have a high degree of economic vulnerability. In its 2003 report the Committee states "Despite the progress they have achieved, countries that qualify for graduation from least developed country status are likely to continue to have a limited capacity to withstand exogenous shocks. A sudden withdrawal of external support is likely to constitute such a shock and to have negative effects, possibly reversing some of the development progress achieved. Countries that qualify for graduation from least developed country category should be commended for their success and not penalized for it by the imposition of such a shock" (E/2003/33, chap. IV.C, para. 25).

The risks associated with a small, highly vulnerable country's premature graduation

3. As the 2003 vulnerability profile established by the United Nations Conference on Trade and Development (UNCTAD) shows, there has been no significant improvement in Cape Verde's vulnerability and dependency since 2000. The profile clearly shows that the country's economy remains highly dependent on two external factors: official development assistance (ODA) and remittances from emigrants. During the 1997-2001 period, over 80 per cent of public spending was funded through ODA, which is equivalent to about 12 per cent of Cape Verde's gross domestic product (GDP) for 2000. Remittances from emigrant workers account for between 12 and 14 per cent of GDP, more than three times that of exports of goods and nearly two and a half times that of income from tourism. ODA and remittances are the primary input into the country's foreign reserves. This situation

demonstrates that, despite the significant progress achieved, one result of which is an increase in GDP, Cape Verde's economy continues to be stimulated from abroad and is still far from having reached the threshold of sustainability. Both aid and remittances are on the decline and unstable, and the economy has not yet succeeded in generating alternative resources. Premature graduation from the LDC group could send an erroneous signal regarding the country's structural social and economic situation, accelerate the decline in assistance and worsen its concession terms and indebtedness. It could therefore have a negative impact on economic growth.

4. Cape Verde's vulnerability profile shows that, despite the dynamic process under way, economic growth has not yet resulted in a major structural change in the country's economic specialization. Its production base remains narrow and poorly diversified. Its agricultural production is highly unstable and insufficient; the country produces a scant 10 to 15 per cent of the agricultural products that it consumes. Cape Verde is totally energy-dependent and its manufacturing sector is embryonic; exports amounted to only 4.5 per cent of imports between 1994 and 2000, a fact which illustrates the country's poor trade balance. Exports of goods accounted for only 10 per cent of all exports and were concentrated almost entirely in one area (clothing and footwear). The traditional export of bananas has been brought to a complete halt by a loss of competitiveness on international markets while the export of fish products, currently embargoed in the European Union, has declined by 80 per cent in recent years. Over 70 per cent of the service sector, which accounts for the nearly 90 per cent of exports, is concentrated on tourism and air transportation. This increasing service orientation of the economy, aggravated by its concentration in a small number of sectors, is a natural stage in the development of a country such as Cape Verde. Nevertheless, it increases the country's economic vulnerability to external factors as shown by the significant decline in income from tourism and transportation following the events of 11 September 2001.

5. The profile draws attention to the major structural constraints and vulnerabilities, which constitute a handicap to the country's sustainable development. Cape Verde has no natural resource base to serve as a foundation for its development and the great fragility of its environment raises serious concerns regarding the sustainability of such development, particularly in the areas of agriculture and tourism. Climatic vulnerability is a constant threat to its agriculture and a high-risk factor for its rural population since it leads to prolonged droughts, soil erosion and desertification. UNCTAD studies have shown that Cape Verde has the highest level of agricultural production instability of the 128 developing countries considered.

6. Moreover, limitations inherent in the country's situation as a small island State composed of 10 widely spaced islands place a heavy burden on its development. This situation increases Cape Verde's vulnerability and explains much of the difficulty it has encountered in seeking to diversify its economy and improve its competitiveness. Contributing factors include the lack of a domestic market, diseconomies of scale, high unit costs, high transportation and distribution costs, limitations on the movement of goods and persons, the need to maintain high levels of stocks, the necessary multiplication of infrastructures and the increased cost of essential services such as education, health care and other public services.

7. It is obvious that under these conditions, Cape Verde cannot base its development on the exploitation of natural and primary resources or on the exploitation of its small domestic market. Its development is unavoidably dependent on its ability to function in the global economy.

Therefore, a key element of its medium- and long-term strategy is the need to address the major challenges of unemployment, poverty and economic dependence, particularly on ODA, strengthen its tourism and light export industry sectors and transform and exploit the advantage of its location to serve as a basis for international service industries.

8. In light of the above, the loss, at this stage, of facilities for preferential and differentiated access to international markets that could result from graduation would deprive Cape Verde of an essential lever for its beneficial entry into the highly competitive global market, which is very uncertain for the least developed countries and small States; it would also raise additional barriers to the implementation of its development strategy. In fact, the current world economic situation further increases small countries' vulnerability to external risks; this is especially true in the case of the small island developing States (SIDS), which are recognized by the United Nations as a special case for environment and development.

9. Moreover, Cape Verde's development strategy recognizes, in addition to good governance, democracy and social stability, the fundamental importance of increasing its competitiveness and therefore of generating human capital and public infrastructure; both of these goals are closely linked to the availability of ODA.

10. Cape Verde has been making a great effort in the social area, particularly in education and health care, as well as in fighting the poverty, which still affects nearly 30 per cent of its people. Its social development indicators are good for a sub-Saharan African country and its Government takes satisfaction in the fact that it has met the human capital index (HCI) criterion; however, this index is heavily dependent on foreign aid and workers' remittances. Nearly 90 per cent of investments spending in the health and education sectors are funded through foreign aid. Food imports and, in particular, food aid are used to meet nearly 80 per cent of the nation's nutritional needs. Remittances from emigrants, which play an important role in the improvement of the living conditions of Cape Verde's people, are tending to decrease in the medium and long term. It is becoming increasingly difficult to ensure the sustainability of the educational and health systems in order to develop the human capital that would allow a small island economy to benefit from globalization. Any reduction in aid as result of the country's graduation from the list of least developed countries would raise the prospect of a decline in social indicators, although the progress achieved shows that Cape Verde has the potential to achieve the Millennium Development Goals.

The island factor: structural handicaps, vulnerabilities and increased dependency

11. As a small island developing State, Cape Verde faces adverse factors and very strong structural constraints that undermine its progress towards a sustained development and add to the country external vulnerability and dependence. UNCTAD has drawn attention to what it calls the "island paradox":[a] small island developing States (SIDS) generally appear to be among the relatively more prosperous developing countries, and all potential cases of graduation from least

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[a] See the note by the Secretary-General transmitting a note by the United Nations Conference on Trade and Development on the benefits associated with the least developed country status and the question of graduation (E/2001/CRP.5 and Add.1 and Corr.1), paras. 59-60.

developed country status are small island developing States. However, these States are also among the most economically vulnerable and externally dependent and among the least prepared to withstand the shock of immediate graduation.

12. The Committee on Development Policy fully recognizes that small countries are economically more vulnerable to external shocks than large ones because of their high dependence on foreign trade, limited diversification and diseconomies of scale. It points out that most small island least developed countries face a range of structural handicaps that make them even more vulnerable. Cape Verde's case is very enlightening in this regard (see para. 6 above).

Adjusting the rules for graduation: a matter of equity

13. The Government of Cape Verde believes that despite the country's significant advancements, it remains dependent on external resources and is as yet unable to put in place the structural changes that would allow it to reach the threshold of sustainability which would make those achievements irreversible and ensure a process of strong, self-sustained growth. Under these circumstances, Cape Verde needs to retain the treatment accorded under the LDC regime, without which it will be unable to maintain and improve its human development levels or to use the forces of globalization to place its economy on the road to diversification and sustainable specialization. Thus, bearing in mind the factors which make the country so vulnerable, including factors related to its SIDS condition, and the uncertainties of the current global situation, the Government is highly concerned at the high risks associated with Cape Verde's premature graduation from the list of least developed countries. It believes that graduation should be envisaged only after a country has made sustainable progress and is capable of benefiting from the new opportunities offered by economic globalization. At present, neither the conditions nor the guarantees needed for a secure graduation from the group of LDCs exist and there is a real possibility of the country's slipping back into least developed status, which would compromise both the credibility and the consistency of international development policy.

14. In addition, the Government of Cape Verde believes that the question of graduation of the least developed countries and, in particular, of those which are additionally handicapped by their situation as small island developing States, merits careful consideration by the Council in order to ensure that countries that have achieved good governance and high performance are not penalized by being suddenly faced with the prospect of reduced resources and less favourable treatment resulting from their graduation from the group.

15. Moreover, the Government of Cape Verde notes that there has been little, if any, progress in meeting the need for international policies that would guarantee a smooth transition for graduating countries, despite the commendable efforts of the Economic and Social Council to sensitize the international community to the importance of a smooth transition. This situation implies that there is still great uncertainty regarding the international environment that potential graduating countries will face.

16. The Government of Cape Verde welcomes the efforts of the Committee on Development Policy to adjust its criteria in order to better address a wide variety of situations. However, the Government believes that on the question of graduation, economic vulnerability needs to be taken more fully into account and that it would be more equitable to establish that a least developed country could not graduate until it had crossed the threshold of the Economic

Vulnerability Index since, in practical terms, it is the EVI that reflects the structural factors and determines the sustainability of the progress measured by the two other indices, income per capita and human capital.

17. This is particularly true of small island States; for this reason, the Government of Cape Verde believes that crossing the EVI threshold is an essential criterion for their graduation. Furthermore, it is convinced that to take the specific problems that the least developed of those States face into consideration would introduce a degree of justice without calling into question the basis for the current methodology. Moreover, such treatment would be consistent with the accepted views within the United Nations regarding the desirability of according more differentiated special treatment to the small island developing States in the context of the upcoming 10-year review of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States, which explicitly recognizes their vulnerability.

18. In light of the above, and stressing the widely shared concern of ensuring that no least developed country's development process is hindered by its graduation, the Government requests that the Council should:

(a) Defer the question of Cape Verde's graduation from the list of least developed countries until the conditions for its self-sustainable development have been put in place; and, in this connection;

(b) Consider an adjustment to the rules that would make crossing the EVI threshold a required condition for the graduation of a small island LDC.

19. In addition, the Government also believes that in the framework of the ongoing preparatory process of the upcoming review of the Barbados Programme of Action, the special needs and concerns of the small island developing States within the group of least developed countries should be reviewed and duly addressed.